

MEMORANDUM

TO: SADC Members
FROM: Susan Craft, Executive Director
DATE: July 22, 2010
SUBJECT: Recommended FY2011 Appropriation Request

Please refer to the attached spreadsheet titled "FY2011 Proposed Program Funding Allocation" (Exhibit A) for an overview of the following discussion.

A. Background

New Jersey voters in 2009 approved a \$400 million bond referendum for open space, farmland and historic preservation, and for the purchase of flood-prone properties. The farmland preservation portion of that is \$146 million. The SADC is requesting appropriation of \$73 million for FY2011 with an allocation of new funding as follows:

Administration:	\$ 3,650,000
State Acquisition	\$ 8,088,316
Municipal Planning Incentive Grant Program:	\$17,261,684
Nonprofit Grant Program:	\$ 5,000,000
County Planning Incentive Grant Program	
Base grants:	\$24,000,000
Competitive Grant Fund:	\$15,000,000
TOTAL FUND ALLOCATION	\$73,000,000

1. County Planning Incentive Grant Program (County PIG)

During the prior FY09 appropriation, which was the first to fund the SADC's new County Planning Incentive Grant Program, the Base Grant allocated to each county participating in the new PIG program was \$2.0 million each and the total Competitive Grant Fund was \$15 million with a total limit of \$5 million in grants from both sources.

A total of 15 counties submitted applications for the FY09 County PIG Program and received a \$2.0 million Base Grant each (Schedule A). Some counties have encumbered or spent their entire Base Grant, where other counties have submitted applications with the intention of utilizing these existing Base Grant funds.

All the counties which received FY09 funding, with the exception of Camden County, are actively pursuing the use of existing base grant funds evidenced by applications being processed at the SADC.

Subsequent to the FY09 appropriation both Cumberland and Bergen Counties have received PIG plan approval from the SADC and therefore are eligible for County PIG funding.

For FY11 we are recommending we appropriate \$24 million with \$1.5 million to each county - except for Camden County which will continue to retain its existing \$2 million Base Grant, but will not receive additional funds in light of having no program activity at this time. We are also recommending \$15 million to the Competitive Grant Fund available to all Counties with a **\$3 million cap** per County for FY11 Competitive Grant funds; therefore, some counties could qualify for total SADC grant funds of up to \$4.5 million this year (\$1.5 M base grant and up to \$3.0 M in Competitive Grant Funds). In total, \$39 million is proposed to be allocated to the County PIG program (Schedule A).

2. State Acquisition Program

With respect to state acquisition, there remains enormous demand for the program, however, our limited staff resources constrain the number of new transactions we can accomplish this coming year. Currently we have an estimated 40 transactions in some stage of the acquisition process that are in need of being finalized and closed. Since the State Acquisition program accepts applications at anytime, the number of applications awaiting action are many, with a current list of approximately 55 applications "on hold" until funding and staff time is available. In addition, State Acquisition staff also administer the SADC Non Profit and Fee Simple programs.

Also, state acquisition transactions require the direct involvement of our Deputy Attorney General Bill Schnurr whose workload has been severely impacted by the SADC's recent litigation matters.

Given these considerations, and the fact that the State Acquisition Program has approximately \$10 million available at this time from prior re-appropriations, acreage estimate discrepancies and failed projects, we are recommending \$8,088,316 in new funding and the addition of \$6,326,665 in revenue received from the resale of farms through the SADC Fee Simple program for a total appropriation of \$14,708,620.

3. Municipal Planning Incentive Grant Program

a. Close Out of Previously Approved PIG Applications

On February 22, 2007 the State Agriculture Development Committee (SADC) adopted Policy P-50 identifying how the SADC intended to transition program operations from the then existing regulatory provisions to new and amended regulations which were adopted on July 2, 2007. That policy strongly encouraged PIG program participants to close on any pending projects by June of 2008. It further indicated that any funds still available within a PIG appropriation in April of 2008 that are not associated with a transaction as evidenced by a contract of sale or SADC final approval, should be considered at risk of loss through the re-appropriation process. The purpose of those deadlines was to close-out acquisition activity under the previous PIG plans and expend the funds associated with those old plans (up through FY08).

Many municipalities have responded proactively and closed outstanding projects, however, some projects with complicated acquisition issues have taken more time. In addition, some municipalities have pending ancillary cost reimbursement requests.

Staff has conducted a thorough review of all Municipal PIG appropriations to determine how much funding can be pulled back and re-appropriated due to the lack of significant progress on projects (Schedule B). At this time we recommend that \$2,738,316 be re-programmed, \$601,199 be left in place for outstanding ancillary cost reimbursements and \$7,972,896 be left in place for 18 farms still pending closing.

b. New Municipal PIG Plans

A total of 37 municipalities submitted PIG applications for funding consideration under the FY09 round and received \$750,000 each. Subsequent to the FY09 appropriation 6 more municipalities have received plan approval (Schedule C).

Staff is recommending a total of appropriation of \$23 million for the FY11 Municipal PIG program using \$17,200,000 in new bond funds and \$5,800,000 in funds re-allocated from the FY00-08 PIG program and from previous county easement program appropriations (refer to Exhibit A).

This funding will offer each of the new municipal PIGs \$750,000, the same amount allocated to each new municipal PIG in FY09. And for the existing municipalities it will offer an additional \$500,000 to supplement their original \$750,000.

Beginning in FY11 we will again begin assessing each municipal PIG applicant's performance and ability to expend appropriated funds in order to determine recommendations for future funding allocations.

4. Non-Profit Program

a. Close out of previously approved Non Profit Grants

SADC staff has been working with participating Non Profit organizations regarding outstanding balances either associated with a project area or specific projects which have not closed to date (Schedule D). SADC staff have encouraged all Non Profits to achieve at least SADC final approval on outstanding project funding allocated during the 2005, 2006 or 2007 rounds by this fall and request submissions for ancillary costs reimbursement by then as well. Any project without encumbered funds through SADC Final Approval or not closed with the SADC or ancillary cost not submitted will be considered subject to review for re-appropriation at the end of the year.

At this time SADC staff is recommending a reappropriation of \$3,211,776 leaving \$6,645,164 in place for outstanding viable projects and ancillary costs.

b. New Funding for Non Profit Program

SADC staff is recommending a total of appropriation of \$8,211,776 for the FY11 Non Profit program using \$5,000,000 in new bond funds and reallocating \$3,211,776 from previous appropriations (refer to Exhibit A).

If approved by the Committee, SADC staff will prepare Notice of Availability of Grant Funds and Application Deadline for inclusion in the New Jersey Register and set an application deadline for December 2010.

SUMMARY (Refer again to Exhibit A).

In total, the SADC staff is recommending an FY11 program appropriation of \$88,570,396 composed of \$73,000,000 in "2009 Farmland Preservation" bond funding, \$9,243,731 in reprogrammed funds and \$6,326,665 in fee simple revenues received.

